

Message Text

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ACTION IO-14

INFO OCT-01 NEA-11 ISO-00 AID-20 SR-02 ORM-03 L-03 ABF-01

OMB-01 TRSE-00 H-03 SS-20 NSC-10 CIAE-00 INR-10

NSAE-00 RSC-01 SY-10 OPR-02 PRS-01 SAM-01 SPC-03

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FM USMISSION USUN NY

TO SECSTATE WASHDC 2654

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMCONSUL JERUSALEM

USINT CAIRO

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DEPT PASS DAMASCUS

E.O. 11652: ADS DECLASS. 2/8/75

TAGS: EAID SREF UNRWA XF

SUBJ: UNRWA FINANCES

REF: STATE 025207

1. UNRWA DEPUTY COMMISSIONER-GENERAL KONTOS CALLED ON AMB SCHAUFLE ON FEB 7 AND LATER BRIEFED UNRWA WORKING GROUP (WG). KONTOS REVIEWED UNRWA FINANCIAL SITUATION SAYING THAT OUTLOOK AT BEGINNING OF 1973 WAS FOR NO DEFICIT, BUT DUE TO CURRENCY REVALUATIONS, INFLATION AND OCTOBER WAR, 1973 DEFICIT TOTALLED \$4.5 MILLION. BUDGET FOR 1974 WAS \$78 MILLION WHICH \$12.5 MILLION MORE THAN CURRENT ANTICIPATED CONTRIBUTIONS. HOWEVER, \$1 MILLION OF SPECIAL US CONTRIBUTION OF \$2 MILLION FOR EDUCATION COULD BE APPLIED TO OPERATING BUDGET, REDUCING DEFICIT TO \$11.5 MILLION.

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2. UNLESS ADDITIONAL FUNDS CAN BE FOUND, KONTOS SAID REDUCTION OF SERVICES TO BEGIN MID-MARCH. BE ELIMINATING PREPARATORY EDUCATION CYCLE (FINAL THREE YEARS' SCHOOLING), \$7.5 MILLION CAN BE SAVED. THIS WOULD RESULT IN 2000 TEACHERS BEING LAID OFF AND 56,000 PUPILS REMOVED FROM CLASSES. ADDITIONAL REDUCTIONS WOULD BE MADE IN HEALTH, WELFARE AND PERHAPS OTHER EDUCATIONAL PROJECTS TO REDUCE BUDGET TO AMOUNT AVAILABLE. KONTOS SAID IT TRAGIC THAT THESE REDUCTIONS ARE IN THE OFFING AT SAME TIME THAT GENEVA TALKS ARE PROVIDING FIRST OPPORTUNITY FOR PEACE IN 25 YEARS.

3. KONTOS SAID THERE TWO AREAS WHERE THERE MAY BE "GLEAM OF HOPE." USG AND EEC. HE RELATED SENATOR JAMES G. ABOUREZK'S EFFORTS TO AMEND FOREIGN AID LEGISLATION TO INCREASE UNRWA APPROPRIATION, WHICH PASSED SENATE BUT FAILED IN SENATE-HOUSE CONFERENCE. HE INDICATED THERE STILL POSSIBILITY OF SUPPLEMENTAL APPROPRIATION BUT CAUTIONED THAT, "U.S. CONGRESSMEN, WHILE SYMPATHETIC, ASKED WHAT OTHER COUNTRIES WERE DOING," REGARDING EEC, KONTOS SAID THAT ADDITIONAL \$4.5 MILLION MIGHT BE DONATED BY EUROPEAN COMMUNITY FOR EDUCATION.

4. FOLLOWING POINTS BROUGHT OUT IN WG DISCUSSION FOLLOWING KONTOS PRESENTATION:

- A. FRG CONTRIBUTION HAD BEEN REDUCED \$2 MILLION IN 1974 COMPARED WITH 1973. COMGEN IS TALKING WITH GERMANS IN HOPES OF GETTING REDUCTION RESTORED.
- B. LEBANESE AND JORDANIAN CURRENCY HAS HELD RELATIVELY STEADY RECENTLY COMPARED WITH DOLLAR. THUS STRENGTHENING OF DOLLAR HAS HAD ONLY MARGINALLY BENEFICIAL EFFECT FOR UNRWA.
- C. IF DECISION FINALLY MADE TO CUT SERVICES, COMGEN WILL FIRST INFORM HOST GOVTS AND THEN CALL MEETING OF ADVISORY COUNCIL BEFORE TAKING NECESSARY ACTION. IT ALSO WILL BE COMGEN'S RESPONSIBILITY TO INFORM GA.
- D. REGARDING APPROACHES TO "RICH ARABS," COMGEN HAS VISITED SAUDI ARABIA AND QATAR AND PLANS TO VISIT KUWAIT, LIBYA AND THE UAE. HE ALSO HAS CORRESPONDED WITH HEAD OF ARAB LEAGUE AND HAS BEEN IN TOUCH WITH KUWAIT AND LIBYAN MISSIONS IN NEW YORK AND BEIRUT. NO ENCOURAGEMENT RECEIVED FROM THESE POTENTIAL DONORS.
- E. KONTOS, IN NAME OF COMGEN, WITHDREW EARLIER REQUEST LIMITED OFFICIAL USE

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THAT ONLY COMGEN (AND NOT WG) APPROACH "RICH ARABS."

5. USREP WAS ASKED WHETHER IT WOULD BE USEFUL FOR WG TO MAKE APPROACH IN WASHINGTON. USREP SAID HE COULD NOT ANSWER QUERY AT PRESENT, BUT DRAWING UPON REFTEL SAID IT IMPORTANT THAT GENERAL APPEAL BE MADE TO UN MEMBERSHIP AND THERE NOT BE OVER-RELIANCE ON USG OR HEIGHTENING OF EXPECTATIONS BASED ON SENATOR ABOUREZK'S EFFORT. DESPITE SERIOUSNESS OF SITUATION,

USREP SAID THERE DISTINCT POSSIBILITY THAT NO FURTHER US FUNDS
WOULD BE AVAILABLE AND WG SHOULD CONSIDER THIS IN ITS PLANNING.
HE ADDED THAT EFFORT BEING MADE TO MAKE EARLY PAYMENT OF
REMAINDER OF US FY 1974 PLEDGE, AND HOPED THAT OTHER
CONTRIBUTORS WOULD DO LIKEWISE.

6. MEETING CONCLUDED WITH DECISION THAT WG CHAIRMAN (TURKISH
AMB OLCAY) WILL CONTACT SYG AND ASK HIM TO ISSUE
URGENT APPEAL FOR ADDITIONAL FUNDS. CHAIRMAN ALSO WILL
MAKE PERSONAL APPEALS TO EACH OF UN REGIONAL GROUPS IN
NEW YORK. NEXT WG MEETING SCHEDULED FOR LATE FEBRUARY
OR EARLY MARCH TO REVIEW RESULTS OF THESE EFFORTS.
SCHAUFLE

NOTE BY OC/T: NOT PASSED DAMASCUS

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